

Message Text

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17

ACTION EUR-25

INFO OCT-01 ISO-00 USIA-15 PA-04 PRS-01 DRC-01 FEA-02

AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00

EB-11 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08

TRSE-00 /174 W

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R 071921Z JUN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7021

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ENRG, EEC, US

SUBJECT: ENERGY: US COAL EXPORTS TO THE EC

REF: EC BRUSSELS 2395

1. IN THE DISCUSSION OF ENERGY DURING THE US/EC CONSULTATIONS
ON JUNE 6, THE EC COMMISSION'S DIRECTOR GENERAL FOR ENERGY,
FERNAND SPAAK, MENTIONED RECENT DIFFICULTIES THAT HAD BEEN
ENCOUNTERED REGARDING IMPORTS OF COKING COAL INTO THE
COMMUNITY FROM THE US. WHEN QUESTIONED REGARDING THESE
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DIFFICULTIES, SPAAK SAID THAT COAL PRICES HAD RISEN 70 PERCENT

IN RECENT MONTHS AND IN THIS SITUATION SOME US COAL EXPORTERS HAD NOT RESPECTED THE TERMS OF THEIR LONG-TERM CONTRACTS AND HAD CHARGED COMMUNITY IMPORTERS PRICES WHICH FAR EXCEEDED INCREASES ALLOWED IN THEIR CONTRACTS. THE COMMUNITY IMPORTERS HAD HAD NO CHOICE BUT TO PAY THE HIGHER PRICES BECAUSE OF THE TIGHT MARKET SITUATION. SPAAK ALSO ALLEGED THAT SOME CONTRACTS WERE NOT RESPECTED IN TERMS OF THE QUANTITIES WHICH WERE TO BE DELIVERED; AT TIMES EXPORTERS REFERRED TO OVERRIDING DEMANDS TO MEET CONTRACTS WITH THE US GOVERNMENT AS THE REASON FOR THEIR INABILITY TO MEET THE TERMS OF THEIR CONTRACTS. IN THIS SITUATION COMMUNITY EXPORTERS WERE OFTEN FORCED TO RESORT TO SPOT CONTRACTS AT UP TO DOUBLE THE EXPECTED PRICES. SPAAK SAID HE HAD BEEN INFORMED THAT THIS SITUATION WAS PARTLY THE RESULT OF FREEING US COAL FROM DOMESTIC PRICE CONTROLS AS OF MARCH 27.

2. IN THE PLENARY DISCUSSION OF THIS SUBJECT ON JUNE 7, AMBASSADOR EBERLE REPORTED THAT THE COST OF LIVING COUNCIL ARRANGEMENTS FOR COAL WILL EXPIRE ON JUNE 30. THE COMMISSION EXPRESSED ITS PLEASURE AT THE INFORMATION PROVIDED BY AMBASSADOR EBERLE, WHICH THEY HOPED MEANT THE PROBLEM WOULD BE RESOLVED IN A FEW WEEKS. GREENWALD

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Message Attributes

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